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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 07/27/07

Index:

- 1) Top headlines
 - 2) Editorials
 - 3) Prime Minister's daily schedule
 - 4) Government puts off decision on next generation fighter, faced with US ban on exports of F-22s
 - 5) Taliban's murder of ROK cleric in Afghanistan raises question of safety of 40 Japanese NGO members working in that country
- Election polls:
- 6) Abe Cabinet support rate inches up a bit to 36.5%, but DPJ continues to be favorite choice of Japanese voters: Yomiuri poll
 - 7) DPJ continues to gain momentum in Asahi poll, and LDP could plunge to below seats in survey-based prediction
 - 8) DPJ expanding its lead over LDP in Mainichi poll, and only 31% of voters want LDP to win the Upper House election 6
 - 9) Kyodo poll finds voters favoring DPJ over LDP, 27% to 21%, a slightly smaller gap than earlier polls
- Abe on the ropes:
- 10) Abe administration goes into the Upper House election in crisis, with former Prime Minister Mori hinting at Lower House dissolution if losses that great
 - 11) Deputy Chief Cabinet Secretary Shimomura says prime minister will feel responsible if the LDP suffers a big defeat in the election

12) Prime Minister Abe insists that he intends to stay on in office despite vote outcome

Akagi's woes:

13) Farm minister Akagi kept double set of books for his office expenses

14) Akagi not feeling well, delays return home from trip 10

15) US beef sales in Japan gradually recovering one year after resumption of imports

Articles:

1) TOP HEADLINES

Asahi:

Final poll on Upper House election: DPJ maintains momentum; LDP may fall short of 40 seats

Mainichi:

Final poll on Upper House election: DPJ widens lead, with those who expect LDP victory slightly declining to 31%

Yomiuri:

Person born in North Korea to Japanese mother allowed to return to Japan based on DNA analysis

Nikkei:

NSC to beef up quake-resistance standards

Sankei:

11 electric power companies and other companies report on their improvement plans to NISA, suggest using chemical fire trucks

TOKYO 00003437 002 OF 012

Tokyo Shimbun:

Disaster response centers not used in Kashiwazaki nuclear power plant accident

Akahata:

Campaign endgame: JCP protects public from poverty and war

2) EDITORIALS

Asahi:

(1) Voters in single-seat constituencies angry at widening regional differences

(2) NHK should first streamline itself before lowering subscription fees

Mainichi:

(1) Taliban should stop killing innocent people

(2) 2007 Upper House election: Why is global warming not an issue?

Yomiuri:

(1) We expect graduate schools for education to produce excellent teachers

(2) Mitsukoshi and Isetan: Realignment of department stores likely to continue

Nikkei:

(1) NISA should become an independent body

(2) Taliban's brutality

Sankei:

(1) Ideas needed for enhancing national campaign to fight climate change

(2) Reconsider the current entrance exam system, learning lessons from cases of private senior high school's padding their numbers of successful candidates

Tokyo Shimbun:

(1) It's no good to be overly excited at rice exports to China

(2) Taliban should not kill any more innocent people

Akahata:

(1) Drastic review of quake-resistance standards essential for ensuring safety

3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, July 26

NIKKEI (Page 2) (Full)
July 27, 2007

09:02

Left Haneda Airport on JAL 1461.

10:04

Arrived at Matsuyama Airport. Met at the airport with Upper House lawmaker Junzo Yamamoto.

10:33

Canvassed the underground shopping district in front of Matsuyama Station on the Iyo Railways.

TOKYO 00003437 003 OF 012

11:22

Stumped in front of the Iyotetsu Kaikan Hall.

12:39

Left Matsuyama Airport on JAL 1466.

13:47

Arrived at Haneda Airport.

15:04

Stumped at the East Exit of JR Kashiwa Station.

16:21

Stumped at the West Exit of JR Matsudo Station.

18:00

Canvassed streets in front of Keisei-Funabashi Station.

18:15

Stumped at the South Exit of JR Funabashi Station.

19:35

Stumped at the North Exit of JR Ichikawa Station.

21:02

Returned to his official residence.

4) Government to delay determining next-generation mainstay fighter due to US decision to keep banning export of F-22

NIKKEI (Page 2) (Abridged slightly)
July 27, 2007

The government has begun considering continuing to use the F-4 fighter by delaying the selection of the country's next-generation mainstay combat aircraft (FX), scheduled for next summer. This comes from difficulty in coordinating views with the United States, which places priority on keeping military secrets, about the state-of-the-art stealth fighter F-22 Raptor, a leading candidate for the FX. Tokyo intends to continue to ask Washington for information on the F-22.

In accordance with the FY2005-2009 Midterm Defense Buildup Program, Japan plans to introduce the first seven new fighters as replacements of the Air Self-Defense Force's old F-4 fighters. A study was underway with the aim of including the cost for it in the FY2009 budget and determining the new model by the summer of 2008.

Then came the decision by the US House Appropriations Committee to keep a clause banning the export of the F-22 in the FY2008 draft national defense budget, derailing Japan's plan to select the new model from several candidates, including the F-22.

Besides the F-22, Japan has six candidates, including the Eurofighter jointly developed by four European countries. Japan desperately wants the F-22 with high combat capability, according to ASDF Chief of Staff Toshio Tamogami.

Administrative Vice-Defense Minister Takemasa Moriya in a press conference yesterday indicated that the ministry would review the selection time, saying, "The time (for selection) is not fixed."

TOKYO 00003437 004 OF 012

"The ministry intends to determine the model it really wants when the conditions are met rather than buying one that is inferior in performance in order just to meet the deadline," a senior Defense Ministry official explained.

But there are many hurdles that need to be cleared. One of them is the United States' strong sense of distrust in Japan's information management system. Former US Deputy Defense Undersecretary Richard Lawless and others expressed concern over the leakage of information on the Aegis system by SDF personnel to Moriya during his visit to the US in early July. They remained cautious about providing information to Japan.

Given the situation, the Defense Ministry has begun considering a plan to extend the life of the F-4 so that the government will be able to continue negotiations with the United States on providing information on the F-22. During his visit to the US, Moriya said: "Providing wide-ranging information regarding the FX is extremely important for maintaining the Japan-US alliance of trust." Japan intends to continue asking for information from a viewpoint of the bilateral alliance.

Negotiations may become protracted. A Defense Ministry official said: "If Japan says that it wants it right now, the United States might raise the price by taking advantage of Japan's desire." His comment also pointed to Japan's hope that the price of the F-22, which is estimated at 25 billion yen to 40 billion yen a piece, might come down through long negotiations.

In the event the ministry gave up on the F-22, buying an improved model of the current F-15, which would cost 10 billion yen per plane, is likely to become a dominant plan. Many think picking a European fighter might rock the Japan-US alliance.

5) Scanner column -- Threat of Taliban's "new strategy" of kidnapping foreign nationals with aim of toppling Karzai-led government in Afghanistan

YOMIURI (Page 3) (Excerpts)
July 27, 2007

One week passed yesterday since the Islamic fundamentalist force, Taliban, in Afghanistan kidnapped 23 South Korean nationals. The Taliban apparently has put into operation its "new strategy" of demanding the release of imprisoned Taliban fighters in exchange for the release of foreign hostages. There is the fear that other foreign nationals in Afghanistan, including Japanese, may be exposed to the threat of kidnapping.

40 Japanese NGO members reside in Afghanistan

Afghanistan has not been able to restore law and order even though it has been nearly six years since the Taliban government was toppled. At present the international peacekeeping force (35,000 troops) led by the North Atlantic Treaty Organization (NATO) is stationed for peacekeeping operations across the country, but the government led by President Karzai (who assumed the post of president in December 2004) remains unable to bring under its control the Taliban. The Taliban is regaining momentum by absorbing young people unable to find jobs as Afghanistan is now in a vicious cycle of the delay in economic reconstruction and the deterioration of law and order preventing reconstruction.

TOKYO 00003437 005 OF 012

According to the Ministry of Foreign Affairs (MOFA), 143 Japanese nationals reside in Afghanistan as of June 2007, and of them, some 40 are members of non-governmental organizations (NGOs). Most live in Kabul. On July 25 after the occurrence of the kidnapping of South Koreans, MOFA strongly advised Japanese people to evacuate from every part of Afghanistan as quickly as possible.

6) Poll: Cabinet support rate edges up to 36.5%

YOMIURI (Page 1) (Full)
July 27, 2007

The support rate for the cabinet led by Prime Minister Abe reached 36.5%, up 1.7 percentage points over the level in last week's poll (July 17-19), in a (telephone-based) series of public opinion survey conducted by the Yomiuri Shimbun on July 24-26 to assess the situation of the House of Councillors election. It was the second increase in surveys and the highest in the six polls. The non-support rate was 51.8%, down 0.8 point.

In the breakdown of public support for political parties, the Liberal Democratic Party (LDP) stood at 32.6% (up 1.3 points from the last survey), followed by the Democratic Party of Japan (DPJ or Minshuto) at 25.6% (up 1.5 points). The support rate for the cabinet among supporters of the LDP gained 4.8 points to 77%. This figure is more than 10 points from the 3rd poll (July 3-5), which recorded the lowest level. The support rate among supporters of the New Komeito also grew to over 60% from the below 50% in the first poll (June 5-7). The growing support among supporters of the ruling coalition contributed to the rise in the overall cabinet support rating.

About 28% said they would vote for the DPJ in the proportional representative segment, while 23% said they would vote for the LDP. The poll also showed that 31% plan to vote for Minshuto candidates in prefectural constituencies and that 27% plan to vote for LDP candidates. Although the DPJ continues to maintain the lead, the margin between the LDP and DPJ narrowed by three percentage points in the proportional representation race. This shows that the LDP facing a severe situation is making a last-ditch effort ahead of the election.

Respondents who said they appraised the government's measures to deal with the pension mess accounted for 38%, up 2 points, while those who said they don't made up 53%. Asked if the DPJ is making efforts to come up with effective measures on this problem, 64%, up 3 points, said, "no," while 18%, almost the same level as the previous poll, said, "yes."

Regarding the government's response measures to the Niigata Prefecture Chuetsu Offshore Earthquake, 56% said they merit appreciation, while 32% said they do not.

7) Poll: DPJ maintains momentum, LDP may fail to win even 40 seats

ASAHI (Top Play) (Excerpts)
July 27, 2007

The Asahi Shimbun conducted a nationwide telephone-based opinion poll on July 24-25 to explore voter preferences at the final stage of the campaigning for the July 29 House of Councillors election. The survey found: 1) the number of seats won by the ruling Liberal

TOKYO 00003437 006 OF 012

Democratic Party would be less than 40; whether the New Komeito, the LDP's junior coalition partner, can win the 12 seats up for reelection is uncertain; the main opposition party, Minshuto (Democratic Party of Japan or DPJ) would garner 60 seats; the Japanese Communist Party and Social Democratic Party were struggling to maintain their status quo. It appears to unlikely that the LDP and New Komeito will maintain their majority in the Upper House. However, since unaffiliated voters, who account for about 50% of the all voters, have the tendency to decide at the last minute for which party they will vote or whether to abstain from voting, there still remains uncertainty about the outcome of the Upper House race.

Compared to the survey conducted on July 17-18, in which the DPJ was doing well, while the LDP was fighting an uphill battle, in the latest poll, the DPJ was gaining momentum, while the LDP was facing an even stronger headwind going into the election.

The LDP was leading DPJ in only four of 29 prefectural constituencies, in which one seat is being contested. The four districts include Gunma and Yamaguchi. The party was lagging behind in 18 prefectural districts, including Okayama, while it was competing with the opposition party in seven constituencies.

In ten prefectural districts, in which two seats are up for reelection, including Gifu, the LDP eyed victories. The party was putting up a good fight in Kyoto, but whether it can win in Hokkaido remains uncertain. In the five constituencies where three seats are up for grabs, the LDP will likely secure one seat in each, but it will be difficult to win two seats in Chiba. In Tokyo where five seats are up for reelection, the incumbents were doing well, while new-face candidates were having a hard time.

It looks like the LDP will win 14 proportional representation seats. As a result, the total number of seats won will fall to a new low of 36 seats, far less than the 44 seats it obtained in 1998.

8) DPJ extends lead; Those hoping for LDP win decline to 31%

MAINICHI (Top Play) (Full)
July 27, 2007

On July 25 and 26, this newspaper conducted a nationwide telephone opinion poll, hoping to get a final read on voters' thoughts leading into the Upper House election on July 29. When asked which party they would like to win -- the Liberal Democratic Party (LDP) or the Democratic Party of Japan (Minshuto) -- 45% of respondents said Minshuto, a 1 point increase from a previous poll conducted on June 30 and July 1, and 31% replied that they would like the LDP to win, a 2 point decrease. Respondents were asked which party or which party's candidate they plan to vote for, and Minshuto has increased its lead in both the electoral districts and the proportional-representation segment. These results show that nothing has changed the fundamental dynamic of the race, with Minshuto remaining in control and the LDP facing an uphill battle.

This is the sixth time since last December that this newspaper has asked respondents which party they want to win the election. Two polls ago, in May, 42% said they wanted Minshuto to win while 33% said they wanted the LDP to win. That was the first time for Minshuto to surpass the LDP, and its lead has been growing ever since.

TOKYO 00003437 007 OF 012

Looking at the breakdown by race, in the electoral districts, 33% want Minshuto to win -- the same as in the previous poll -- and 26% want the LDP to win -- a 2 point decrease. In proportional representation, 36% want Minshuto to win -- a one point increase -- and 25% want the LDP to win -- a 2 point decrease. The gap between Minshuto and the LDP has increased by 2 points in the electoral districts and 3 points in proportional representation.

Looking at the support rates for the two parties, the LDP and Minshuto have switched places, with 24% supporting Minshuto, a 6 point increase from the last poll, and 22% supporting the LDP, a 3 point decrease. This is the third time that Minshuto's support rate has surpassed that of the LDP in a poll. Minshuto also surpassed the LDP in a poll taken right after the Upper House election in August 1998 and in a poll taken right after the Lower House election in July 2000. In both of those elections, the LDP lost many seats. In addition, although Minshuto has in the past had difficulty winning over female voters, this time around, 22% of women support Minshuto while 21% support the LDP, meaning that this is the first time since August 1998 that Minshuto has bested the LDP among women.

The support rates of other parties are as follows: New Komeito - 6% ; Japanese Communist Party - 4% ; Social Democratic Party - 3% ;

People's New Party - 1% ; New Party Nippon - 1% ; Unaffiliated - 34%. Some 82% of respondents said that they are interested in the upcoming election, a 5 point increase, while 16% said that they are not interested in the election, a 6 point decrease. As election day nears, it seems that interest is growing.

Meanwhile, support for Prime Minister Shinzo Abe's cabinet was at 31%, a 1 point decrease to the lowest level since Abe took office in September 2006. A total of 53% said they do not support the Abe cabinet, a 1 point increase that ties its highest disapproval rate. There appears to be little chance that the ruling coalition will make a comeback.

9) Fifth trend survey: With DPJ at 27% and LDP at 21%, difference is shrinking

TOKYO SHIMBUN (Page 1) (Excerpts)
July 27, 2007

Kyodo News Service conducted a nation-wide telephone-based opinion survey (fifth trend survey) on July 25-26 to find out trends of voters ahead of the July 29 House of Councillors election. The results showed that 27.4% of respondents said that they would vote for the Democratic Party of Japan or DPJ candidates in the proportional representation segment, while 21.5% picked the Liberal Democratic Party or LDP candidates. This clearly showed the DPJ is still going strong in the final phase in contrast to the LDP's poor performance. However, the difference between the two parties has shrunk to 6.9 points from the 8.9 points marked in the fourth survey conducted on July 14-15.

The news agency also conducted a telephone-based survey on July 24-26 in 21 districts. The situation by taking that information into account is that the DPJ is keeping a lead in fiercely competitive single-seat districts. The party is also likely to win the second seat in part of the three-seat constituencies.

In the single-seat constituencies, the DPJ has a clear lead in Tochigi and a slight lead in Kagoshima. The LDP is recovering in

TOKYO 00003437 008 OF 012

Kagawa, Kumamoto and Miyazaki. The LDP and DPJ are neck-and-neck in Aomori, Ishikawa and Kochi. In Shimane, the People's New Party newcomer is catching up with the LDP incumbent.

The DPJ's incumbent is enjoying stability in the two-seat Hokkaido constituency, while the LDP incumbent and an unaffiliated newcomer are engaged in a fierce battle.

In three-seat Saitama and Kanagawa, DPJ newcomers are clearly ahead of others. DPJ and LDP newcomers are in a close race in Chiba, where three seats are being contested. In Aichi, the New Komeito incumbent is following DPJ and LDP candidates. In Tokyo where five seats are at stake, DPJ and New Komeito incumbents are ahead of others.

The rate of support for the Abe cabinet was 29.2%, up 1.1 points from the all-time low of 28.1% in the previous survey since the cabinet was launched last September. The disapproval rate has also increased 0.9 points to a record 59.7%.

10) Concern growing in Abe administration as election day nears

SANKEI (Page 5) (Excerpts)
July 27, 2007

There are no signs of the strong headwind against the ruling coalition abating. Prime Minister Shinzo Abe is devoting all his time to stumping around the nation for the upcoming House of Councillors election. In campaign speeches, he indicates his eagerness to stay on as prime minister, but Liberal Democratic Party members are increasingly concerned about the post-election situation, since many observers consider it a sure thing that the ruling camp will lose its majority. Former Prime Minister Yoshiro Mori referred yesterday for the first time to a possible dissolution of the House of Representatives.

Prime Minister Abe stressed in a street-corner speech yesterday in Matsudo, Chiba: "I receive frank views from many people when I visit various places across the nation to deliver campaign speeches. I have renewed my resolve to reflect such voices in national politics." In the cabinet's email magazine yesterday, as well, the prime minister reiterated, citing the reforms of the public servant system, the education system, and the Constitution: "It is necessary to steadily accelerate the reform drive without losing sight of their starting points, even under any circumstances. I am determined to perform this mission assigned to me."

In the final phase of the election campaign, the candidates supported by the LDP and those by opposition parties are still locked in neck-and-neck races in many of the 29 single-seat constituencies, the results of which will affect the outcome of the election. Given this, the LDP views nine constituencies, including Ehime, Toyama, Okayama, and Kagoshima, as priority districts and is beefing up campaign efforts there.

As shown by the results of recent opinion polls, however, it is unlikely that the LDP will win 51 seats, the minimum number for the ruling coalition to keep its majority, which is also premised on the New Komeito garnering 13 seats.

In such a hard situation for the LDP, Mori referred in a campaign speech in Toyonaka, Osaka, yesterday to a possible dissolution of the Lower House, saying:

TOKYO 00003437 009 OF 012

If the opposition camp holds a majority in the Upper House, it will become impossible for the bills sent from the Lower House to be adopted there. If such a situation occurs, the ruling camp, driven into a corner, will have to dissolve the Lower House.... We are not afraid of dissolving the Lower House, but in such a case, politics will become unstable, and that will be very unfortunate for the people.

Deputy Chief Cabinet Secretary Hirofumi Shimomura said in a street speech in Tokyo: "We cannot definitely say that there will be no possibility of Prime Minister Abe's resignation even if the LDP and the ruling coalition lose many seats. If we suffer a crushing defeat, the prime minister must take responsibility." Afterward, Shimomura told reporters at the Kantei: "I don't believe we will suffer a major loss. The situation will not become such that the prime minister's responsibility is pursued. I made the remark with the aim of boosting morale."

The growing sense of alarm in the LDP is triggering discord among party members.

11) Deputy Chief Cabinet Secretary Shimomura says remark about prime minister's responsibility after major defeat meant to boost morale

YOMIURI (Page 4) (Full)
July 27, 2007

Deputy Chief Cabinet Secretary Hakubun Shimomura, a member of the ruling Liberal Democratic Party (LDP), stated in a campaign speech yesterday in Tokyo:

"I don't believe it's the case that Prime Minister Abe will not resign regardless of the number of seats the ruling coalition wins. I think if the LDP suffers a crushing defeat, Prime Minister Abe will feel responsibility for it."

His remarks were taken to mean that if the ruling camp loses big in Sunday's House of Councillors election, Abe might resign as prime minister. At a press conference held later at the Prime Minister's Official Residence, Shimomura said:

"I made the remarks to gear up the party. I assume that we won't lose big, so I don't believe that the number of seats will trigger calls for the prime minister to take responsibility."

Regarding the prime minister's responsibility for the results of the

upcoming Upper House race, Chief Cabinet Secretary General Yasuhisa Shiozaki stated that Abe should stay in office even if the ruling coalition suffers a crushing defeat, saying that the Upper House election is not an occasion to choose an administration. Some LDP candidates running for the election have raised objections (against Shiozaki's comment), with one candidate arguing, "While we are making a final push, his remarks give the impression that we are trying to evade responsibility."

In consideration of those candidates, Shimomura appears to have offered the explanation. However, some in the ruling coalition are perplexed at his explanation, with one member noting, "Candidates would be confused when the chief cabinet secretary and deputy chief cabinet secretary make different comments."

TOKYO 00003437 010 OF 012

12) Prime Minister Abe desires to stay on in office

YOMIURI (Page 4) (Full)
July 27, 2007

In the Abe cabinet's e-mail magazine No. 39 that the Prime Minister's Official Residence (Kantei) posted yesterday, Prime Minister Shinzo Abe wrote that he would move forward with his reform drive from the starting point. This has been taken as the expression of his strong desire to continue to serve as prime minister even after the July 29 House of Councilors election.

Citing reforms of the public servant system, the education system, and the Constitution, the prime minister wrote that strong objections against fundamental reform of these systems would be unavoidable. He stressed that he would not fun from reform, no matter how strong the objections would be.

He then added that he would steadily promote the reform drive, without forgetting the starting point, in order to fulfill his duties. His words were filled with signs of willingness to continue to serve as prime minister.

13) Two organizations related to Agriculture Minister Akagi found to have doubly reported political activity expenses

ASAHI (Page 1) (Excerpts)
July 27, 2007

It was found that the LDP chapter headed by Agriculture, Forestry and Fisheries Minister Akagi (elected from Lower House Ibaraki No. 1 constituency) and his supporters' association had doubly reported about 200,000 yen in postal expenses in their political funds payments reports for 2003 attaching copies of the same receipt. The case was found through the data disclosed by Ibaraki Prefecture at the request of the Asahi Shimbun. Akagi's office acknowledged the double declarations of the expenses, noting, "There was an administrative management error in the payments report of the supporters' association." The supporters' association corrected the error yesterday.

The double declaration involved the LDP Ibaraki Prefecture No. 1 constituency chapter headed by Akagi and located in Mito City, and his supporters' association, a political organization where a person connected with Akagi's office is responsible for accounting and whose main office is located at Akagi's parents' home in Chikusei City, Ibaraki Prefecture. Both offices reported the same postal expenses separately to the Ibaraki Prefecture Election Administration Commission as political activity expenses attaching a copy of the receipt, as it is mandatory to do so if office expenses exceed 50,000 yen.

14) Agricultural Minister Akagi delays return to Japan, after taking ill

SANKEI (Page 5) (Full)
July 27, 2007

Agricultural Minister Norihiko Akagi, who is visiting Beijing in

connection with Japan's resumption of rice exports to China after a hiatus of four years, yesterday suffered diarrhea and felt dizzy on standing up. He cancelled his plan to board a plane yesterday

TOKYO 00003437 011 OF 012

evening to return to Japan. According to a ministry official, "The cancellation was made by way of precaution." After seeing a local physician, Akagi will decide when to return home.

15) US beef imports making gradual comeback a year after removal of ban: Prices still 10% -20% higher than pre-ban level

MAINICHI (Page 10) (Excerpts)
July 27, 2007

It has been a year since the ban on US beef imports was lifted on July 25 2006. Imports had continued to stay flat, but now they have clearly taken an upward turn following the end of inspections of all boxes and the resumption of the use of US beef by retailers and the food service industry. One leading food service company took the view that consumer anxieties about the safety of US beef have been wiped away to a considerable degree. However, the prices are still higher. It will likely take time before sales return to the level before the ban was placed in 2003.

According to the statistics compiled by the Ministry of Agriculture, Forestry and Fisheries (MAFF), the volume of US beef imports since the resumption has reached 26,040 tons as of July 20. May saw an increase to 2,880 tons. Imports jumped to 4,311 tons in July, a month when all-box inspections were abolished.

Among leading supermarket chains, Seiyu started selling US beef in March at some of its outlets, followed by Ito-Yokado and Uny. These companies have since increased the number of outlets that sell US beef. Now Seiyu sells US beef at 250 outlets, Ito-Yokado at 115 outlets and Uny at 31 outlets. A Seiyu spokesperson noted that US beef sells well. However, the ratio of US beef to all beef sold at these stores appears to be less than 10%, because the volume of imports is still small. The prices are also 10% -20% higher than the pre-ban level at most stores.

Among restaurant chains, Yoshinoya D&C resumed serving beef-bowls last September. However, its procurement amount is only 30% -40% of the level before the ban was imposed. It will likely have to continue selling beef-bowls for limited times. Some Matsuya Foods stores started using US beef in February. The price of their beef-bowls using US products is 390 yen, 40 yen higher than beef-bowls using Australian beef.

Barbecue restaurant chain Sakai uses US beef at all its stores starting in April. However, the price of one portion of boneless short plate is about 50% higher than the pre-ban level. Some restaurant chains, such as Skylark Co., are still refraining from using US beef, claiming that Australian products suffice.

US sources expect Japan to ease import condition

Senior Director Harada of the Tokyo office of the US Meat Export Federation (USMEF) said: "We are hearing an increasing number of consumers saying that they do not mind buying US beef. We will continue sending messages in order to expand US beef consumption." USMEF Chairman Philip Seng said, when he came to Japan this month, "We will aim at achieving 40,000 tons of exports for 2007."

Japan currently imports about 4,000 tons of US beef a month, which is still one-fifth of the pre-ban level. A complete recovery is a long way off. For this reason, observers are paying attention to

TOKYO 00003437 012 OF 012

whether the import condition that limits beef eligible for exports to cattle aged 20 months or younger will be eased or not.

SCHIEFFER